

US for WTO move against Japan telecom regime

WASHINGTON, Mar 31: The United States may complain to the World Trade Organisation about Japan's telecommunications regime that could be in violation of WTO rules of free trade, US Trade Representative Charlene Barshefsky said yesterday, reports AFP.

"Japan's failure to implement cost-oriented interconnection rates calls into question its adherence to its WTO commitment to ensure cost-based interconnection rates and regulate its market in an impartial manner," Barshefsky said in a statement announcing the findings of an annual review of barriers to trade in the telecom sector.

She said she would make a decision by the end of July on whether to take action against Tokyo.

Current Japanese proposals to open the market to competitors of Nippon Telegraph and Telephone Corporation are inadequate, a US official said, commenting Japan's proposal last week to cut NTT's interconnection charges by 22 per cent over four years.

Washington wants a cut of 25-50 per cent over two years, the US official said.

The history of this issue and how the Ministry (of Posts and Telecommunications) is approaching it lend a lot of credence to the view that they're not being impartial," he said.

"The constant theme (in talks) has been the need to protect NTT, the need to ensure NTT is profitable, the need to ensure NTT can invest in specific technologies. That to us does not appear to be an impartial way of taking a regulatory decision and would be a major focus of any WTO review," he added.

The July deadline will give Japan time to complete the passage of a new law authorising more market-based regime and to issue regulations to flesh out that regime, the official said.

Based on these clarifications, and further discussion with the Japanese government, we will decide by the end of July, whether additional action, including in the WTO would be appropriate," said Barshefsky.

S Arabia hopes for foreign investment law soon

DUBAI, Mar 31: Saudi Arabia hopes to approve soon a proposed foreign investment law aimed at attracting foreign capital, Defence Minister Prince Sultan said, reports Reuters.

Prince Sultan made his comments to reporters yesterday night, the official Saudi Press Agency (SPA) reported.

Prince Sultan said "the cabinet will give its final approval (of the law) and God willing it will be issued soon."

He said the cabinet would discuss the law after the Shura Council, the kingdom's consultative body, approved it on Tuesday. King Fahd has to give final approval of the law.

Last month, Saudi Arabia's Supreme Economic Council, chaired by Crown Prince Abdullah, approved draft laws on foreign investment and approved the General Investment Authority to provide the mechanism to attract foreign investment.

It also approved a recommendation by the state-owned Saudi Industrial Fund (SIF) to amend the policy of industrial project financing to allow lending for industrial projects wholly owned by foreigners.

The council's decision appeared to indicate that foreigners would be allowed 100 per cent ownership of industrial projects, a major step in a country where foreigners are so far limited to 49 per cent holdings.

S Korea to use foreign cars during Seoul ASEM meet

SEOUL, Mar 31: South Korea will use imported cars to carry dignitaries during an Asian-European summit meeting in October to demonstrate its intention to further open its auto market, officials said Thursday, reports AP.

US and other foreign automakers have urged the Seoul government to take measures to improve access to the South Korean market, including using imported cars for government functions.

About 910,000 passenger cars were sold in South Korea last year. Of them only 2,400 cars, or 0.26 per cent, were foreign.

Many South Koreans still regard buying a foreign car as unpatriotic. Foreign car owners have complained that traffic police stopped them more often and their cars were scratched at night.

Foreign trade officials have complained about invisible trade barriers against imported cars. Now we want to take a symbolic step to show that we are accepting foreign cars," said Kim Yong-Hoon of the Foreign Affairs and Trade Ministry.

South Korea will use 210 imported cars for official use during the three-day Asia-Europe meeting in Seoul in October, Kim said.

That will count for about half of all the cars needed for the conference, he said.

IRRI 'super rice' 4 yrs away

Production seen rising by 50 per cent

LOS BANOS (Philippines), Mar 31: A new "super rice" seen as Asia's hope to fill empty bowls by boosting yields up to 50 per cent in four years from being distributed to farmers for mass planting, its principal breeder said here today, reports AFP.

Gurdev Khush, the head of the International Rice Research Institute (IRRI) plant breeding genetics and biochemistry division, said the plant would remain in controlled field test conditions for the next two years.

It would take two more years of testing and building up seed reserves before it was made available to Asia's farmers, he told reporters in this university town south of Manila where IRRI's headquarters is based.

Cross-breeding to develop the new high-yield rice in being done with conventional methods, Khush said. Genetic engineering could only be per-

formed when introducing genes that would bolster the plant's defence mechanism against pests, he said.

The plant, dubbed "super rice" by the media because it promises to increase yields from the current eight tonnes a hectare (2.5 acres) to 12 tonnes a hectare, is much-awaited in Asia to help feed its rapidly growing population.

"Four years from now, farmers shall have access to the plant," said Khush, adding that scientists were still perfecting the grain.

The new plant type lines have short grains and what we need is long grains for the tropics and sub-tropics. So we have now the new lines coming up which have the long grains," he said.

Scientists are "trying to introduce genes for insect resistance," he said.

"In two years, we hope that

we will have accomplished all these objectives. Then this will be distributed, widely tested by the other countries," he added.

The plant has been given to scientists in India and Bangladesh and the Philippines for further tests.

"We think there are some opportunities with this new plant type," said IRRI director-general Ronald Cantrell. "But again this is not something that's going to happen overnight."

The region has varying environmental conditions and "we cannot develop something that would just sweep all Asia,"

Cantrell said. "It would have to be crossed with the local varieties."

The main problem confronting them is the plant's low resistance to stem borers "so we're putting a major effort" to increase its natural resistance to the pest, Cantrell said.

An American scientist at a conference hosted by IRRI ear-

lier this week also unveiled a new rice strain that could dramatically boost yields by up to 35 per cent. However, the strain belongs to the so-called "Frankenstein" variety of genetically modified plants.

Maurice Ku, a Taiwan-born scientist at the Washington State University in Pullman, US, said his research involved introducing maize genes into the rice plant through genetic engineering to increase its capacity to manufacture its own food through photosynthesis.

The seed might be available to farmers in the next three to five years, Ku told AFP.

IRRI's Khush said the world must increase rice production by 50 per cent in the next 30 years to be able to feed the population, expected to grow between 30 and 40 per cent in the same period.

Asia hosts more than half of the planet's six billion people.

Fed sees signs of growing strains in US economy

Rate hike seen having little effect

TOKYO, Mar 31: Federal Reserve Bank of New York President William McDonough said today he saw signs of imbalances and strains in the US economy, suggesting the central bank's recent rate hikes were having little effect, reports Reuters.

Speaking to the Japan Centre for Economic Research in Tokyo, McDonough cited rising commodity prices, strong consumer demand and an worsening current account deficit as concerns. He also questioned whether US stocks could continue to move up in tandem with corporate output and earnings.

"As a central banker ... I cannot help but register concerns about some recent developments," McDonough said in prepared remarks.

"As the expansion has progressed, signs of imbalance or strain have begun to appear in the US economy, especially in relation to the world economy."

Suggesting the Fed was watching this development closely, he added: "History also tells us that current account imbalances eventually require macroeconomic adjustment —

adjustments that is smoother and more orderly the earlier and more coordinated the policy response."

Reviewing global growth prospects, McDonough said great risks were posed by the fact that the United States was the only major economy showing vigorous growth.

This situation could end in tears not only for the United States but also for the world as a whole.

The United States cannot indefinitely be the engine of growth for the world economy — the importer of first and last resort — and sustain ever-mounting current account deficits without running the very real risk of economic and financial difficulties that could well weigh on many of the world's economies. No one wants that," he said.

Reviewing the domestic economy's performance, he said inflation was subdued but he saw considerable vigour in consumer demand and in the housing industry. "Indeed, the question is whether household demand is growing too quickly," he said.

Looking at the widening current account deficit, he noted it now stood at about four per cent of gross domestic product and was set to get even bigger, which posed considerable risks for the US economy.

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